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Certified Public Accountants & Advisors

*Silicon Valley Clean Energy Authority
Report to the Board of Directors
March 13, 2024*

Introduction

- Kellin Gilbert, CPA
 - Audit Partner
 - 17 years in public accounting and performing audits of government entities
 - Currently working with several CCA's throughout California
- Aliandra Schaffer
 - Engagement Supervisor
 - 4 years in public accounting and performing audits of governments (CCA's)

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Results of current year audit:

- The audit is complete. We have reported the following:
 - SVCE received a “clean” audit opinion.
 - Unmodified opinion – Based on our audit, the financial statements are materially accurate.
 - In addition, at the request of management, we have provided a separate letter stating that we did not identify any significant deficiencies in internal controls.

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Audit of the years ended September 30, 2023 and 2022 Financial Statements

Item 3
PRESENTATION

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control
- **Auditor** is responsible for auditing the Financial Statements
 - Considering risks of material misstatement in the Financial Statements
 - Considering internal controls relevant to the Financial Statements
 - Performing tests of year-end balances based on risk assessment
 - Evaluating adequacy of disclosures

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Audit Procedures

Significant areas of focus

- Review policies and procedures for various types of financial transactions
- Revenue recognition
 - Accounts receivable and revenue
 - Test a sample of customer billings
 - Relate total cash received during the year to revenue
 - Look at cash received subsequent to year-end and relate to A/R
 - Review revenue recognition through year-end and the method for determining (accrued revenue)
- Cash
 - Confirmations sent to financial institutions

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Audit Procedures

Significant areas of focus

- Accrued Cost of Electricity
 - Review subsequent bills from electricity providers and cash payments
- Other Liabilities
 - Reviewed contracts and other support to determine completeness of amounts recorded
- Financial Statement Note Disclosures – Complete and without bias

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Required Board Communications

- There were no material changes to SVCE's accounting policies or significant new policies adopted during the year.
- We did not identify any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.

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Required Board Communications (continued)

Other required communications with those charged with governance:

- We did not propose any material adjustments to the financial statements.
- We did not identify any instances of fraud within the financial statements.

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Required Board Communications (continued)

Other required communications with those charged with governance:

- There were no disagreements with management concerning the scope of our audit, the application of accounting principles, or the basis for management's judgements on any significant matters.
- We did not encounter any difficulties in dealing with management during the performance of our audit.

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Questions?

Kellin Gilbert: 707-577-1511



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MY 23-24 Adjusted Operating Budget

Amrit Singh
Board of Directors Meeting
March 13, 2024

Purpose

Action: Adopt Resolution
Approving Mid-Year 2023-2024
(MY 24) Adjusted Operating Budget

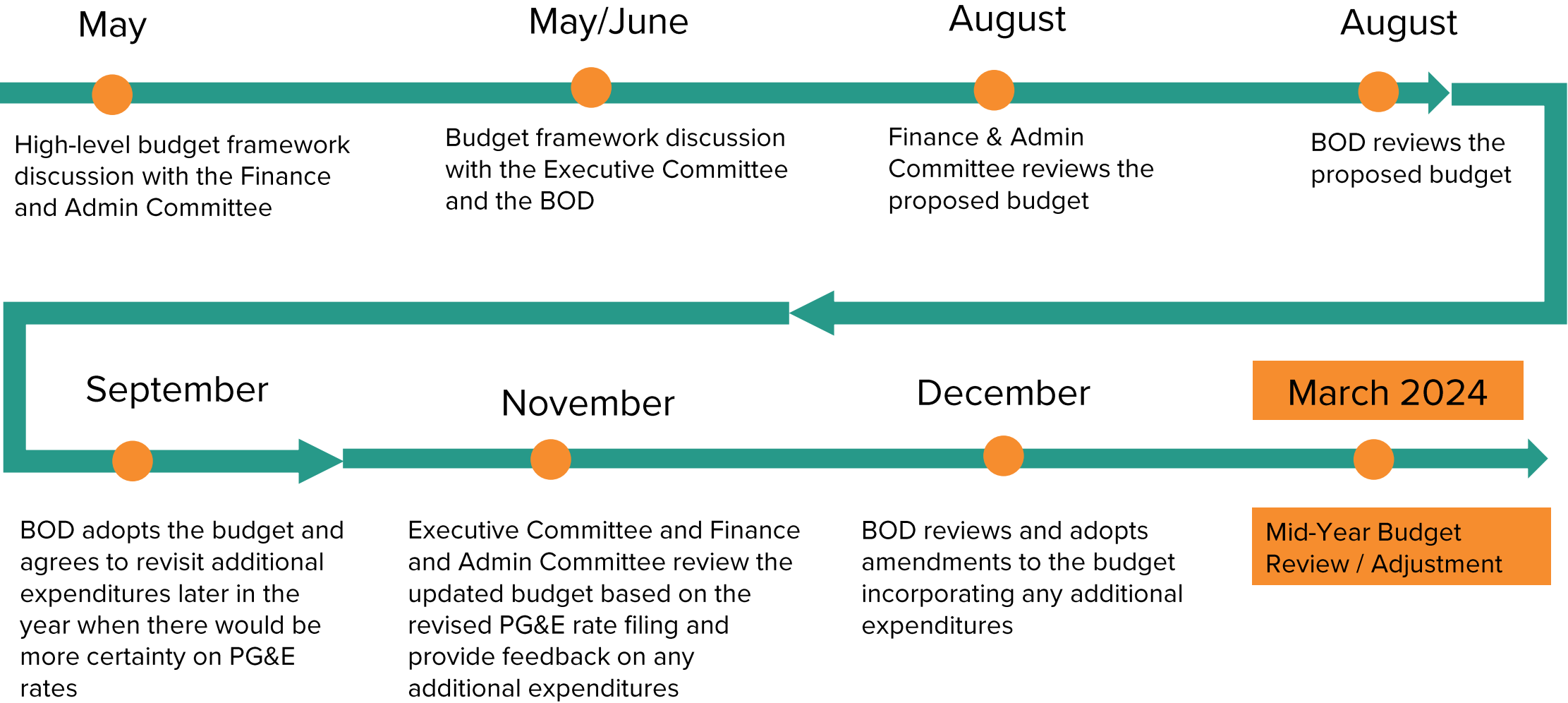
Main Areas of Discussion

- Review the Budget Timeline
- Highlight Changes Since the Adoption of the Adjusted Budget in December
- Compare Mid-year and Adjusted Budget Key Line Items
- Review 5-yr Reserve Projections
- Provide Staffing Update
- Adopt Resolution





Mid Year FY23-24 Budget Approval Timeline





Mid-Year Budget Highlights

Excellent FY24 But Softening Margins over 5-yr Outlook

- Healthy contribution to reserves of **\$112.6 million**
 - An Increase of ~ \$38.8 Million from \$73.8 Million at adjusted budget (approved in December 2023)
- Revenue forecast mostly remains unchanged
 - A slight uptick in 2024 offset by weaker sales in Oct.- Dec. 2023
- Key Drivers of Increase:
 - Drop in Forward Energy Prices
 - Cal 24 prices dropped -13.6% since the adjusted budget
 - Power Supply cost for Oct-Dec 2023 was -\$21.2M or -21% below the adjusted budget, plus an additional \$12.7 million reduction projected for Jan-Sep 2024
 - \$6.4M higher Investment Income
- Operating expenses decreased slightly
 - Savings from staffing vacancies offset additional headcount costs
 - Slight increases in professional services and marketing expenses

- Softening energy prices negatively impacts 5-yr outlook
 - Negative contributions to reserves forecasted for FY 25 and 26.

An Increase of ~\$38.8 Million vs Adjusted Budget:

Revenues	- \$1.8M
Power Supply Cost	- \$33.9M
Other Operating Expenses	-\$0.2M
Investment Income	+\$6.4M
<u>Reserve Balance</u>	<u>+\$38.8M</u>



Annual Budget vs. Mid-Year Adjusted Budget

- Supports Overall Customer Discount of 5%
- Power Supply Expense decreased by 8.5%
- Higher non-operating revenue (Investment Income) due to higher interest rates

SILICON VALLEY CLEAN ENERGY FY 2023-24 OPERATING BUDGET (\$ in thousands)

DESCRIPTION	FY 2023-24 ADJUSTED BUDGET	FY 2023-24 MID-YEAR BUDGET	Change	
			\$	%
Energy Revenues	554,685	552,864	(1,820)	-0.3%
Power Supply Expense	399,546	365,617	(33,929)	-8.5%
Operating Margin	<u>155,138</u>	<u>187,247</u>	<u>32,109</u>	<u>20.7%</u>
Operating Expenses	32,361	32,118	(243)	-0.8%
Non-Operating Revenue (Expense)	6,431	12,864	6,434	100.0%
Annual Transfers and Other Expenses				
Program Fund	28,874	28,874	0	0.0%
Nuclear Allocation	2,188	2,188	0	0.0%
Multi Family Direct Install Program	0	0	0	-
Electrification Discount Program	0	0	0	-
Customer Bill Relief	4,300	4,300	0	0.0%
Building Fund	20,000	20,000	0	-
Other	50	50	0	0.0%
BALANCE AVAILABLE FOR RESERVES	<u>\$73,796</u>	<u>\$112,582</u>	<u>\$38,785</u>	<u>52.6%</u>



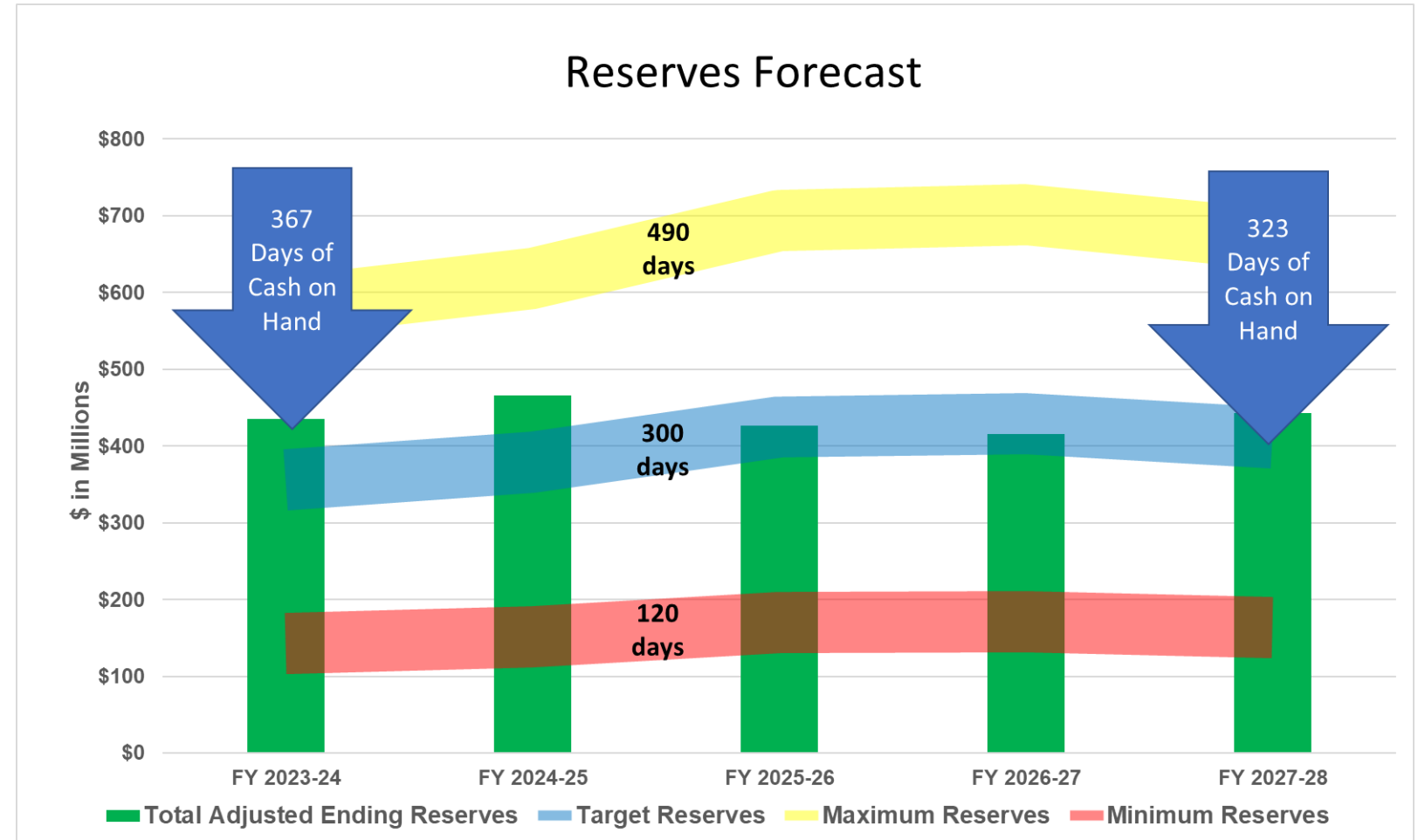
Reserve Projection

Projected End of FY Reserves:

- \$435 Million
- 367 Days of Cash on Hand
- Includes Unspent Program Funds and Building Fund

If all Approved Programs Dollars and Building Fund were Spent :

- \$338 Million in Reserves
- 284 Days of Cash on Hand



Assumes \$20 million Building Fund spent in FY 2025-26.

Current Budgeted Staffing

- 58 Full-time Employees (4 Vacancies)
- 3 Intern positions (2 Open)
- 4 Part-time Employees
- 3 Climate Corps Fellows
- 1 Long-term Independent Consultants

Proposed Staffing

- 62 Full-time Employees (8 Vacancies)
- 3 intern positions (2 Open)
- 4 Part-time Employees (1 Open)
- 3 Climate Corps Fellows
- 1 Long-term Independent Consultants

***Currently being filled under the CEO personnel authority: General Counsel, Senior Program Specialist, and Board Clerk.**

- **EXEC (2)**
 - General Counsel (1)* - to ensure adequate legal support both in complexity and volume as the agency grows and matures
 - Board Clerk/Executive Admin (1)* - to assist with Board meetings and provide additional administrative support to the organization
- **DPP (1)**
 - Senior Program Specialist (1)* - to further support the development of the agency's increasing Decarbonization Programs

The proposed budget requests approval for an additional position

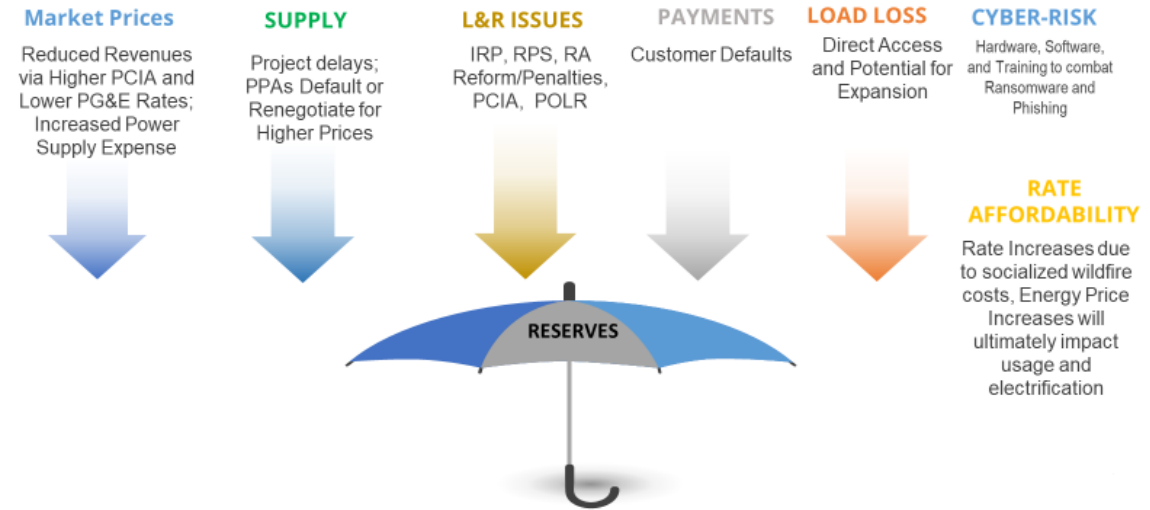
- **4PRO (1)**
 - Associate Power Analyst (1) – to support the increasing complexity of managing the energy procurement portfolio

Timeline	FTE
Authorized in the Annual Budget	58
Feb'24 CEO Personnel Authority	+3
Midyear Budget Request	+1
Total	62

Summary - Despite ongoing uncertainty, the overall financial picture looks excellent for FY23-24

- Next Steps
 - Staff will conduct financial stress test analyses and recommend any updates to the reserve targets
 - Stress test results will be presented to the Finance and Admin Committee and the Executive Committee in May and to the Board in June
 - Staff will present the framework for developing the next fiscal year's budget to the Finance and Admin Committee in May
 - Draft budget for FY24-25 will be presented to the Finance and Admin Committee and the Board in August
 - FY24-25 budget will be presented to the Board for adoption in September

Many Risks can Deplete Reserves





Recommendation

Adopt Resolution 2024-05, Approving the Mid-year 2023-24 Adjusted Operating Budget that projects contributing \$112.6 million to the reserves.

Thank you! / Questions?

2023-2024 Mid-Year Adjusted Operating Budget

SILICON VALLEY CLEAN ENERGY FY 2023-24 OPERATING BUDGET (\$ in thousands)

DESCRIPTION	FY 2023-24 MID-YEAR ADJUSTED BUDGET
ENERGY REVENUES	
Energy Sales	550,852
Green Prime	1,962
Other Income	50
TOTAL ENERGY REVENUES	552,864
ENERGY EXPENSES	
Power Supply	365,617
OPERATING MARGIN	187,247
OPERATING EXPENSES	
Data Management	3,413
PG&E Fees	1,470
Salaries and Retirement	14,818
Professional Services	8,210
Marketing & Promotions	1,250
Notifications	315
Lease	551
General & Administrative	2,091
TOTAL OPERATING EXPENSES	32,118
OPERATING INCOME (LOSS)	155,129
NON-OPERATING REVENUES	
Interest Income	12,867
Grant Income	0
TOTAL NON-OPERATING REVENUES	12,867
NON-OPERATING EXPENSES	
Financing	3
Interest	0
TOTAL NON-OPERATING EXPENSES	3
TOTAL NON-OPERATING INCOME (EXPENSES)	12,864
CHANGE IN NET POSITION	167,994
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	
Capital Outlay	50
Building Fund	20,000
Transfer to CRCR Fund	0
Program Fund	28,874
Nuclear Allocation	2,188
Multi Family Direct Install Program	0
Electrification Discount Program	0
Customer Bill Relief	4,300
Other	0
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	\$55,412
BALANCE AVAILABLE FOR RESERVES	\$112,582

5-Year Forecast

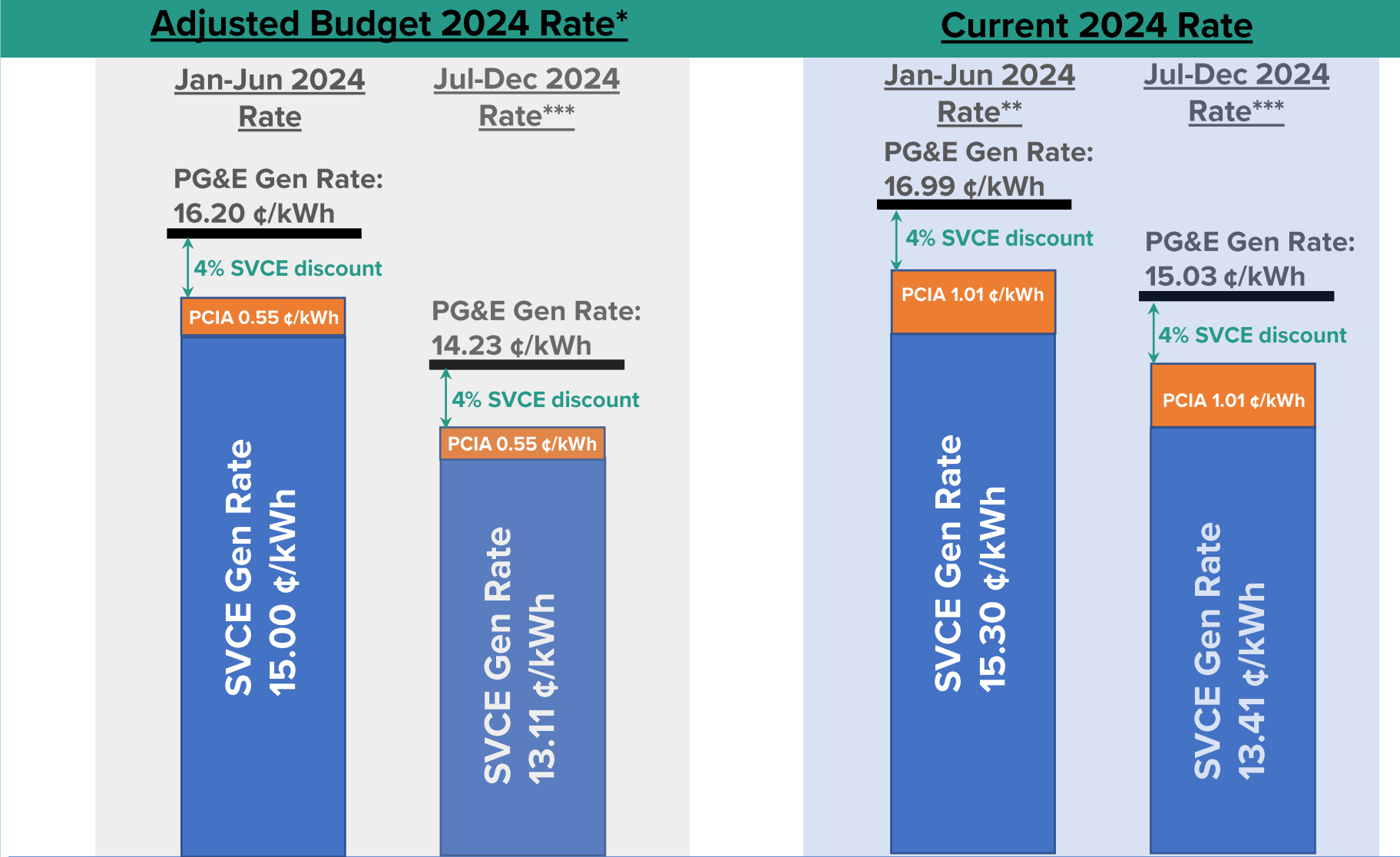
(\$ in Thousands)	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
	(Budget)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
Operating Revenue					
Electricity Sales, Net ¹	\$ 550,852	\$ 485,338	\$ 494,921	\$ 508,590	\$ 515,415
GreenPrime Electricity Premium	1,962	2,236	2,248	2,264	2,283
Total Operating Revenues	552,814	487,574	497,169	510,854	517,698
Operating Expense					
Power Supply	\$ 365,617	\$ 417,018	\$ 470,894	\$ 474,812	\$ 449,466
Operating Margin	187,197	70,556	26,275	36,041	68,232
Data Management	3,413	3,583	3,762	3,950	4,148
PG&E Service Fees	1,470	1,544	1,621	1,702	1,787
Staff Compensation	14,818	15,559	16,337	17,154	18,011
Consultants and other Professional Fees	8,210	8,703	9,225	9,779	10,366
Communications and Noticing	1,565	1,643	1,725	1,811	1,902
General and Administration	2,643	2,775	2,913	3,059	3,212
Transfers to Programs Fund	35,362	9,751	9,943	10,217	10,354
Total Operating Expenses	433,097	460,575	516,421	522,484	499,245
Operating Income	119,717	26,998	(19,252)	(11,631)	18,453
Nonoperating Revenue (Expense)					
Other Income	50	51	51	52	52
Investment Income	12,867	13,811	9,819	9,028	8,808
Capital Outlay & Financing Costs	(20,053)	(53)	(53)	(53)	(53)
Grant Income	-	-	-	-	-
Total Non-Operating Revenue (Expense)	(7,136)	13,808	9,817	9,026	8,807
Change in Net Position/Available for Reserves	112,582	40,807	(9,435)	(2,604)	27,260
Begin, Net Position	324,536	463,208	493,784	454,236	443,240
Adjustment for Program Expenditure and Building Fund ²	26,091	(10,231)	(30,113)	(8,392)	(52)
End, Net Position	\$ 463,208	\$ 493,784	\$ 454,236	\$ 443,240	\$ 470,448
<p>¹ Assumptions: 4% overall discount relative to comparable PG&E rates for FY 23-24, FY 24-25 and FY 25-26. FY 23-24 includes additional bill credit to low income customers totaling \$4.3 million. 1% discount for FY26-27 and FY27-28.</p> <p>² Each year the Board transfers funds from the Operating Budget to the Decarbonization Programs Fund as shown in the above forecast under line item Transfers to Programs Fund. The line item Adjustment for Program Expenditure accounts for the difference between <i>forecasted spend</i> for programs versus the amount transferred to the fund. This adjustment is needed because program spending to date has been less than the amount transferred to the programs fund. The \$20 million in building Fund is assumed to be spent in FY25-26.</p>					
Days Cash On Hand (DCOH) at Year End	\$ 435,187	\$ 465,763	\$ 426,215	\$ 415,219	\$ 442,427
Days of cash on hand	367	369	301	290	323

For forecast years FY23-24 onward:

- Revenues are based on SVCE's load forecast and CalCCA NewGen Model for SVCE margin analysis using market data as of 2/10/2024
- The NewGen Model headroom output was reduced by -5% to account for the modeling error
- Power Supply Costs are based on updated portfolio positions and latest market data
- Operating Expenses are assumed to grow 5% / year

Final PG&E Rate Improved SVCE Margins

- Relative to Assumptions in the December Adjusted Budget:
 - PG&E’s average 2024 generation rate increased by about 5%
 - PCIA increased from 0.55¢/kWh to 1.01¢/kWh
- Relative to Adjusted Budget, SVCE’s 2024 margin improved by about 2%
- The rate changes were effective Jan 1, 2024.



* Source: PG&E 2024 ERRRA Forecast Update, released in October, 2023 (Weighted for SVCE Portfolio Load)

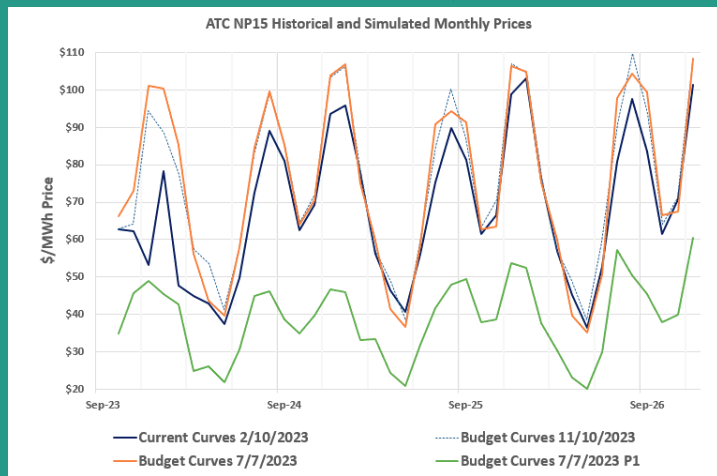
** PG&E Jan-Jun 2024 Average Rate, effective January 1, 2024 (Weighted for SVCE Portfolio Load)

*** Estimated rate, based on PG&E filings.

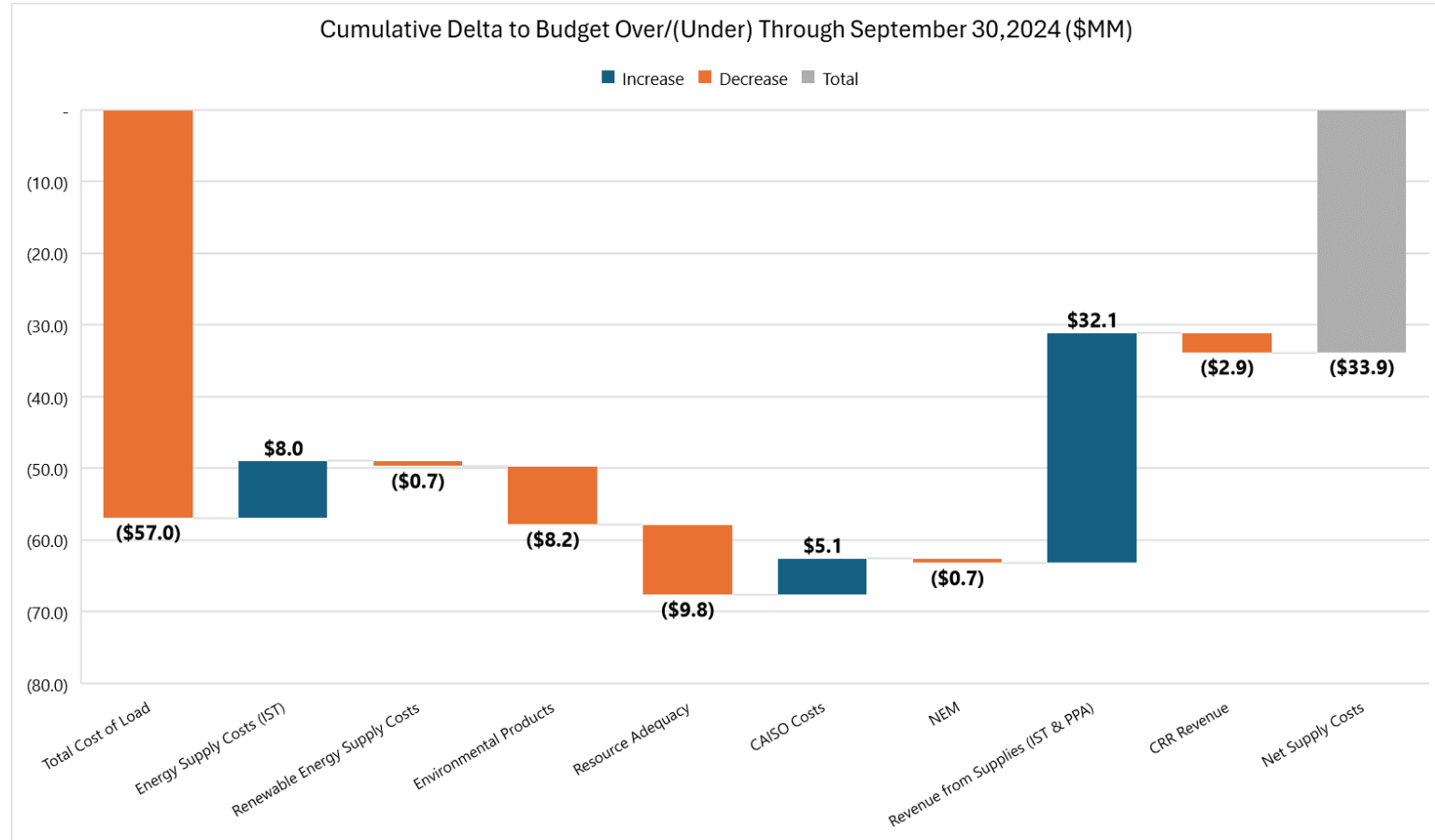
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Power Supply Variance Item 4 PRESENTATION

- Energy Prices are Extremely Volatile (expanded slide in appendix)



- Cost of load decreased with falling prices, and reduced sales volume
- Energy supply costs increase due to new ISTs
- Renewable Energy Supplies: Settled PPA volumes differ slightly from forecast
- CAISO Costs: Settled costs include accrued expenses from summer months and energy buy-backs, exceeding ISO charge forecast
- Environmental Products: Decreased VAMO forecast; product flows vary monthly.
- Resource Adequacy: Update to RA price assumptions surrounding the BESS fleet
- Revenue from Supplies: MTM of fixed-price contracts fall as energy prices fall

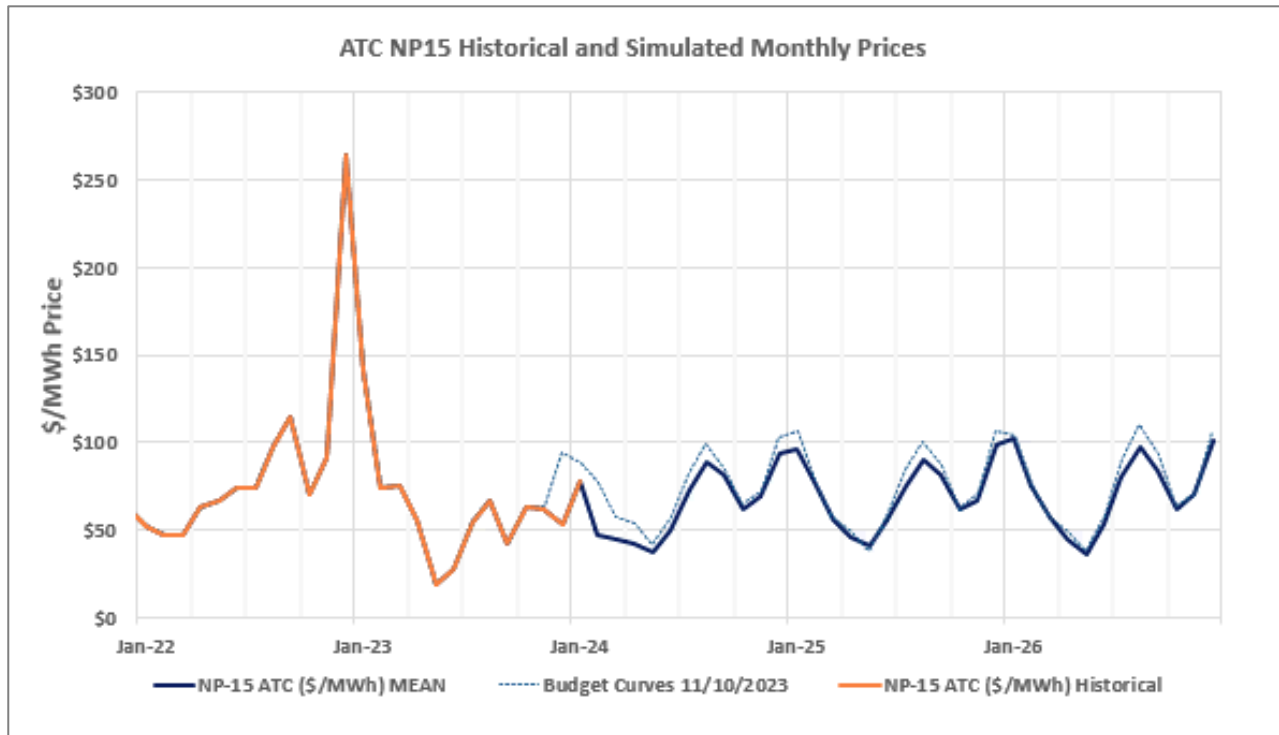


Decrease of **\$33.9M** since budget



Power Market Price Volatility

Prices as of the mid-year budget run 2/10/2024 are decreasing from adjusted budget assumptions from 11/10/2023, with a 5-year average decrease of 7%.



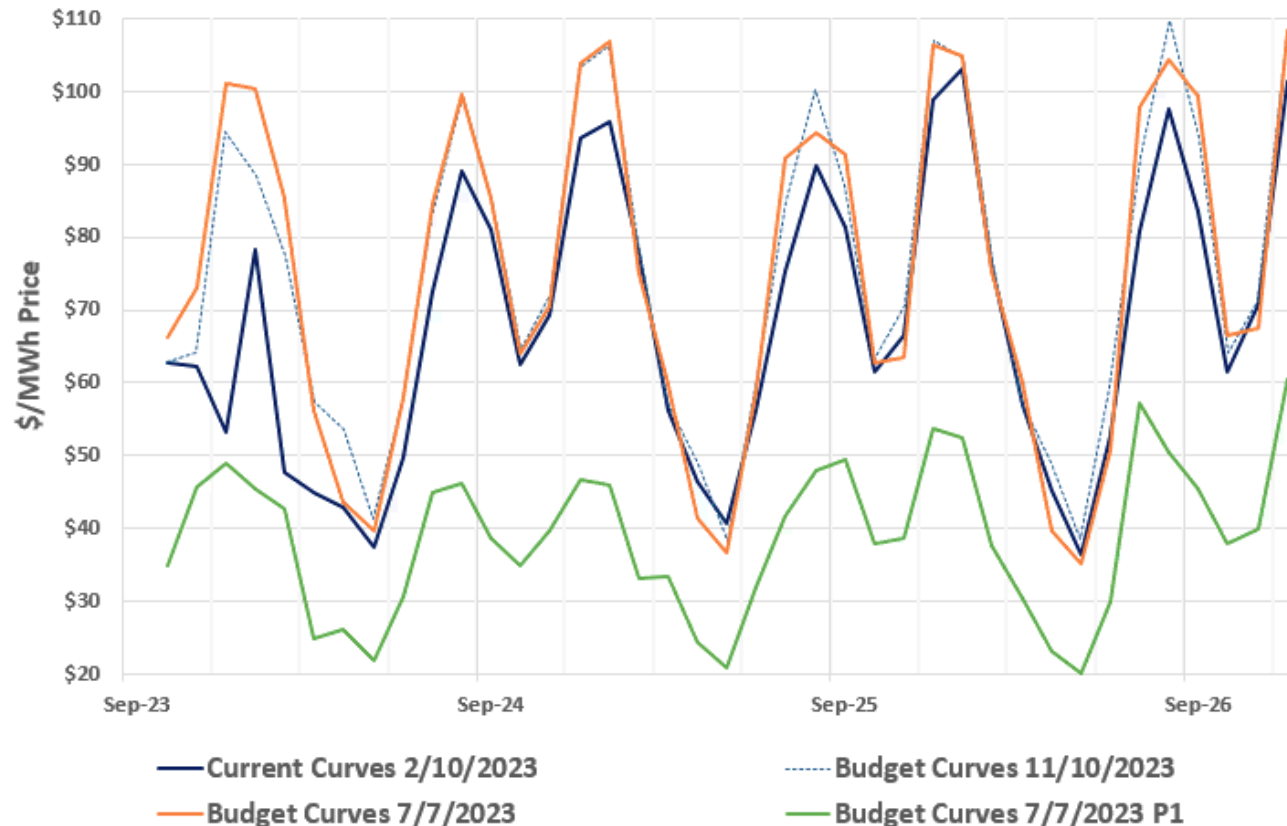
NP15 ATC \$/MWh	FY2024	FY2025
Adjusted Budget 11/2023	\$72.81	\$74.41
MY Budget 2/2024	\$60.21	\$70.39



Power Market Price Volatility

Prices as of the mid-year budget run 2/10/2024 are decreasing from adjusted budget assumptions from 11/10/2023, with a 5-year average decrease of 7%

ATC NP15 Historical and Simulated Monthly Prices



NP15 ATC \$/MWh	FY2024	FY2025
Adjusted Budget 11/10/2023	\$72.81	\$74.41
MY Budget 2/10/2024	\$60.21	\$70.39



5-Year Forecast – Shifts in Power Supply Cost

FY Differences:

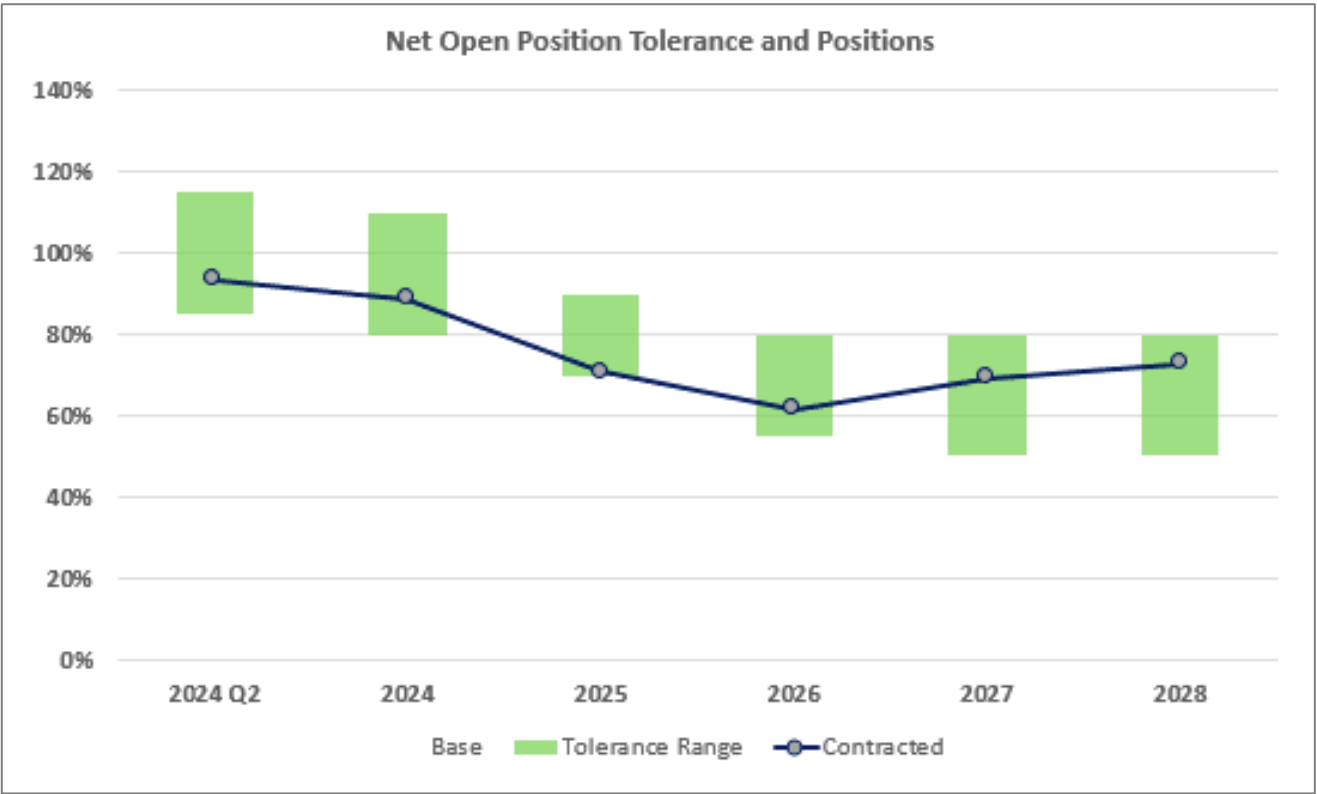
- Energy costs continue to remain mostly flat due to fixed Power Purchase Agreements (PPA) coming online and forward energy prices staying flat
- FY2025-2026:
 - Environmental Products: Increase in Carbon Free (CF) costs (\$8-~\$25/MWh) with increase in net open position (NOP)
 - Resource Adequacy (RA): Increase in RA NOP with high market prices
- FY 2027-2028:
 - Environmental products prices beginning to fall; increased PPA volumes increases RPS volumes and decreases CF volume needs
 - Resource Adequacy: Increase in RA NOP with High market prices



Energy Risk Management Min/Max Bands

We hedge to manage market price risk. 95% of balance of Fiscal Year 24 load is hedged; 89% of balance of Calendar Year 24 is hedged.

Period	Year	ERM Min Tolerance	ERM Max Tolerance	SVCE Total Hedge %
Balance of Year	2024	80%	110%	89%
Year 2 – 2025	2025	70%	90%	71%
Year 3 - 2026	2026	55%	80%	62%
Year 4 – 2027	2027	50%	80%	69%
Year 5 – 2028	2028	50%	80%	73%





Operating Expenses

	FY Budget	MY Budget Changes
Updated Costs	<ul style="list-style-type: none">Data Management (Calpine)<ul style="list-style-type: none">\$3.4MM	<ul style="list-style-type: none">Unchanged
	<ul style="list-style-type: none">Billing (PG&E)<ul style="list-style-type: none">\$1.5MM	<ul style="list-style-type: none">Unchanged
	<ul style="list-style-type: none">G&A / Lease<ul style="list-style-type: none">\$2.6MM	<ul style="list-style-type: none">Slight increase of \$25k for additional membership fees
	<ul style="list-style-type: none">Staffing<ul style="list-style-type: none">\$15.4MM	<ul style="list-style-type: none">Decreased by \$588k due to<ul style="list-style-type: none">Oct'23-Dec'23 vacancies savings of \$1MAdditional 4 FTE expense offsetting savings by -\$412k
	<ul style="list-style-type: none">Professional Services<ul style="list-style-type: none">\$8MM	<ul style="list-style-type: none">Increased by \$126k for additional professional consulting services
	<ul style="list-style-type: none">Communications / Noticing<ul style="list-style-type: none">\$1.3MM	<ul style="list-style-type: none">Increased by \$194k for additional program marketing materials and increased postage

Allocating Funding for Decarbonization Programs

Board of Directors Meeting
March 13th, 2024

Objective – seeking Board approval

on ~\$34M recently added to Programs Fund:

- FY24 annual (~\$9M)
- December 2023 adjustment (\$20M)
- Existing, unallocated program funds (~\$5M)





Recap: transforming the market, at scale

Programs help build the support ecosystem to help policy succeed



Incentives and lower up-front costs



Awareness and acceptance



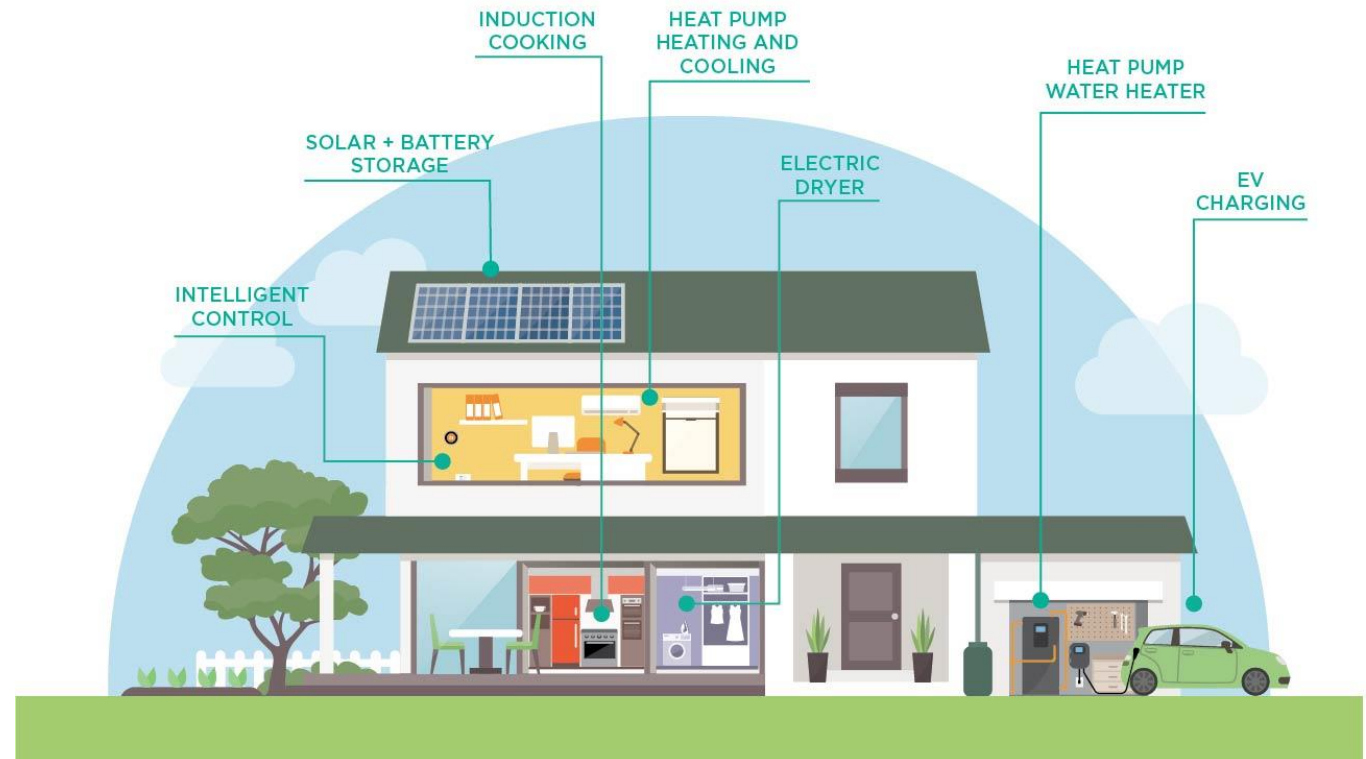
Quality and available equipment



Efficient processes



Available workforce



Recap: existing SVCE efforts

By end of FY23, have 20+ active programs with ~20% of funds spent and another ~65% “live” or contracted

Have identified some gaps and new tactics to add

Case study – FutureFit Homes incentives

- Rapidly increased uptake
- Gathering cost data and supporting projects
- BUT seeing limited pool of participant types



New areas:

- Mechanism for those who are very busy – “turnkey”
- Reach renters and low-income in single family homes
- How can aggregating projects lower costs?



Process recap: staff review

Team reviewed current portfolio, feedback/needs, stakeholder/customer interests



Affordability



Product Availability



Awareness



Ease



Workforce

Looked at budget, objectives, direct impact, state of market today, size of market, SVCE priorities, review of program data and customer input



Program summary

Planned allocations out of the **\$33.55M**

Bigger,
Scaling
Up

Smaller,
Testing
and
Piloting

Category	Allocation
Expanded single family home electrification (renters, lower costs)	+\$16.00M
Customer awareness (experiential and marketing)	+\$11.50M
E-mobility incentives	+\$2.00M
C&I projects	+\$2.00M
Workforce	+\$1.30M
Other	+\$0.75M

\$33.55M

**Note ~70% going towards Single Family Install and Decarb Grants*



Program summary

Planned allocations out of the **\$33.55M**

Bigger,
Scaling
Up

Smaller,
Testing
and
Piloting

Category	Allocation	Program
Expanded single family home electrification (renters, lower costs)	+\$16.00M	Single Family Installation*
		Neighborhood Electrification
		Portable Heat Pumps
Customer awareness (experiential and marketing)	+\$11.50M	Community Decarbonization Grants*
		eHub
		Programs Marketing Fund
E-mobility incentives	+\$2.00M	Targeted EV Rebates and Education
		E-Bikes
C&I projects	+\$2.00M	C&I Technical Support and Incentives
Workforce	+\$1.30M	Workforce Development Partnerships
Other	+\$0.75M	Virtual Power Plant
		EM&V

\$33.55M

*Note ~70%
going towards
Single Family
Install and
Decarb Grants



Expanded single family customer participation in home electrification

Objectives

- Easy participation pathways
- Reach single family low-income
- Reach renters
- Aggregate projects to lower costs

Impacts

600 homes electrified (250 low income)
650 emergency water heaters
Neighborhood-level: 20+ homes electrified, learn how this can scale
100 portable heat pumps installed

Programs expected to run 2024-2027

Bigger,
Scaling
Up

Program Element	Planned Allocation
No-cost install for low-income	+\$14.00M
“Turnkey” install, with co-payment	
Emergency water heater replacement	
Neighborhood-scale electrification	+\$1.50M
Portable heat pumps	+\$0.50M
TOTAL	+\$16.00M



Customer awareness (experiential and marketing)

Objectives

- Increase use of eHub services
- Increase enrollment in programs
- Assist member agencies on local efforts to decarbonize their communities

Impacts

Grants for all agencies, plus competitive grants for decarb projects or programs that promote customer awareness/action

1.5M email opens and 350K unique web visits

Drive uptake in programs through increased marketing

Programs expected to run 2024-2027

Bigger,
Scaling
Up

Program Element	Planned Allocation
Community Engagement Grants -Community-specific projects or programs -Focus on engaging customers -Open to member agencies and other local organizations	+\$10.00M
eHub	+\$1.00M
Programs Marketing Fund	+\$0.50M
TOTAL	+\$11.50M



Objectives

- Increase EV adoption (particularly multifamily and low-to-moderate-income customers)
- Build community awareness of EV incentives and benefits

Impacts

450 EVs to targeted customers
10 events to build EV awareness
450 E-bikes for income-qualified customers

Programs expected to run 2024-2026

Program Element	Planned Allocation
Targeted EV Rebates and Education	+\$1.50M
E-Bikes	+\$0.50M
TOTAL	+\$2.00M



Objectives

- Support innovative electrification of large commercial and industrial (C&I)
- Pilot approaches in nascent market
- Provide additional value to non-res customers

Impacts

Upgrade C&I equipment to electric at several customer sites (depends on project size)

Drive electric, therm, cost, and GHG savings for customers

Program expected to run 2024-2026

Program Element	Planned Allocation
C&I Technical Support and Incentives	+\$2.00M



Objectives

- Prepare workforce in SVCE territory to electrify buildings at scale
- Enhance existing regional electrification workforce efforts
- Invest in local workforce initiatives

Impacts

Engage with diverse set of contractors; connect to customers and programs

Support workforce development organizations

Training/education/analysis

Details TBD

Program expected to run 2024-2025

Program Element	Planned Allocation
Workforce Development Partnerships	+\$1.30M

Objectives

- Advance SVCE’s load flexibility capabilities to prepare for increasing load due to electrification and real-time pricing rates
- Third-party evaluation of program impacts

Impacts

Prepare to scale up load flexibility efforts and automate customer response to real-time pricing rates

Just the beginning of SVCE investment in load flexibility, to create systems and begin testing

Details TBD – solicitation upcoming

Programs expected to run 2024-2027

Program Element	Planned Allocation
Virtual Power Plant	+\$0.50M
EM&V	+\$0.25M
TOTAL	+\$0.75M



Recap: program summary

Planned allocations out of the **\$33.55M**

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		Targeted EV Rebates and Education
C&I projects	+\$2.00M	C&I Technical Support and Incentives
Workforce	+\$1.30M	Workforce Development Partnerships
Other	+\$0.75M	Virtual Power Plant
		EM&V

\$33.55M

*Note ~70%
going towards
Single Family
Install and
Decarb Grants



Plan for additional stakeholder input

Staff will refine concepts through additional input

Building on input already received and observed needs

Case study – Multifamily Direct Install program

- Preliminary design completed based on known needs
- Experienced vendor selected

Gathering more input

- Held a focus group with affordable housing managers
- Working to do the same with tenants rights groups, others
- Feedback loops built into program; plan to pivot

Objective – seeking Board approval

Asking for input on staff's intended program funding assignment

Future contracts for this work will still come to Board for approval if >\$100k

- Already shared with Executive Committee for feedback
- Staff will complete designs of programs and launch
- Continue to provide periodic updates on program statuses and final design decisions

Discussion

Appendix



DETAIL: Expanded single family customer participation in home electrification (+\$16M)

Program Element	Details	Planned Allocation
No-cost install for low-income	Offer no-cost complete home electrification to income-qualified customers using SVCE-selected contractor. Complementary to upcoming multifamily no-cost offer.	+\$14M
“Turnkey” install, with co-payment	Provide a simple pathway for residents who want to electrify but don’t have time or knowledge. They still pay for the project themselves, after the SVCE rebates, and use the SVCE-selected contractor.	
Emergency water heater replacement	Quick-response installer to help in emergency failures. Provide a temporary water heater if wiring upgrade work is needed for a permanent electric solution.	
Neighborhood-scale electrification	Aggregating projects in an area may lead to lower total costs. Testing whether entire neighborhoods are willing to electrify at once is essential to future “gas system pruning” and scaling cost-effectively.	+\$1.5M
Portable heat pumps	For renters and properties that aren’t good fits for more permanent heat pump solutions, these window unit heat pumps can provide electrification benefits.	+\$0.5M



DETAIL: Customer awareness (experiential and marketing) (+\$11.5M)

Program Element	Details	Planned Allocation
Community Decarbonization Grants	Provide grants to enable localized, community-specific decarbonization efforts that demonstrate electrification, provide decarbonization benefits to the community, and/or increase community resilience. Focus on building customer awareness through local programs, installations, or demonstrations. Will open competitive portion of grants to other community organizations.	+\$10M
eHub	Components of the SVCE website that help customers on their electrification journey. Presently includes Solar/Battery Assistant, Appliance Assistant, and EV Assistant. Solicitation is ongoing to determine vendors for the second version.	+\$1M
Programs Marketing Fund	Separate funding to focus on marketing efforts to increase program enrollments. Covers email, social media, tabling, events, and other marketing channels.	+\$0.5M



DETAIL: E-mobility incentives (+\$2M)

Program Element	Details	Planned Allocation
Targeted EV Rebates and Education	The EV education programming may consist of: Community Ride & Drive events where they are not already happening, and/or incentivizing short-term EV rentals for customers to test drive EVs and see how they integrate into their lifestyle. There would also be EV incentives for income qualified customers.	+\$1.5M
E-Bikes	Point of sale and post-purchase e-bike incentive that is income qualified.	+\$0.5M



DETAIL: C&I projects (+\$2M)

Program Element	Details	Planned Allocation
C&I Technical Support and Incentives	Support energy and sustainability goals of C&I customers while strengthening customer relationships with SVCE. Facilitate the completion of energy efficiency and carbon emissions reduction projects, particularly upgrading to electric equipment.	+\$2M



DETAIL: Workforce (+\$1.3M)

Program Element	Details	Planned Allocation
Workforce Development Partnerships	Prepare workforce in SVCE territory to electrify buildings at scale. Identify opportunities to supercharge regional electrification workforce efforts. Invest in local workforce initiatives. Could include regional supplier diversity training, apprenticeship scholarships, or support for existing pipeline initiatives to widen early career training.	+\$1.3M

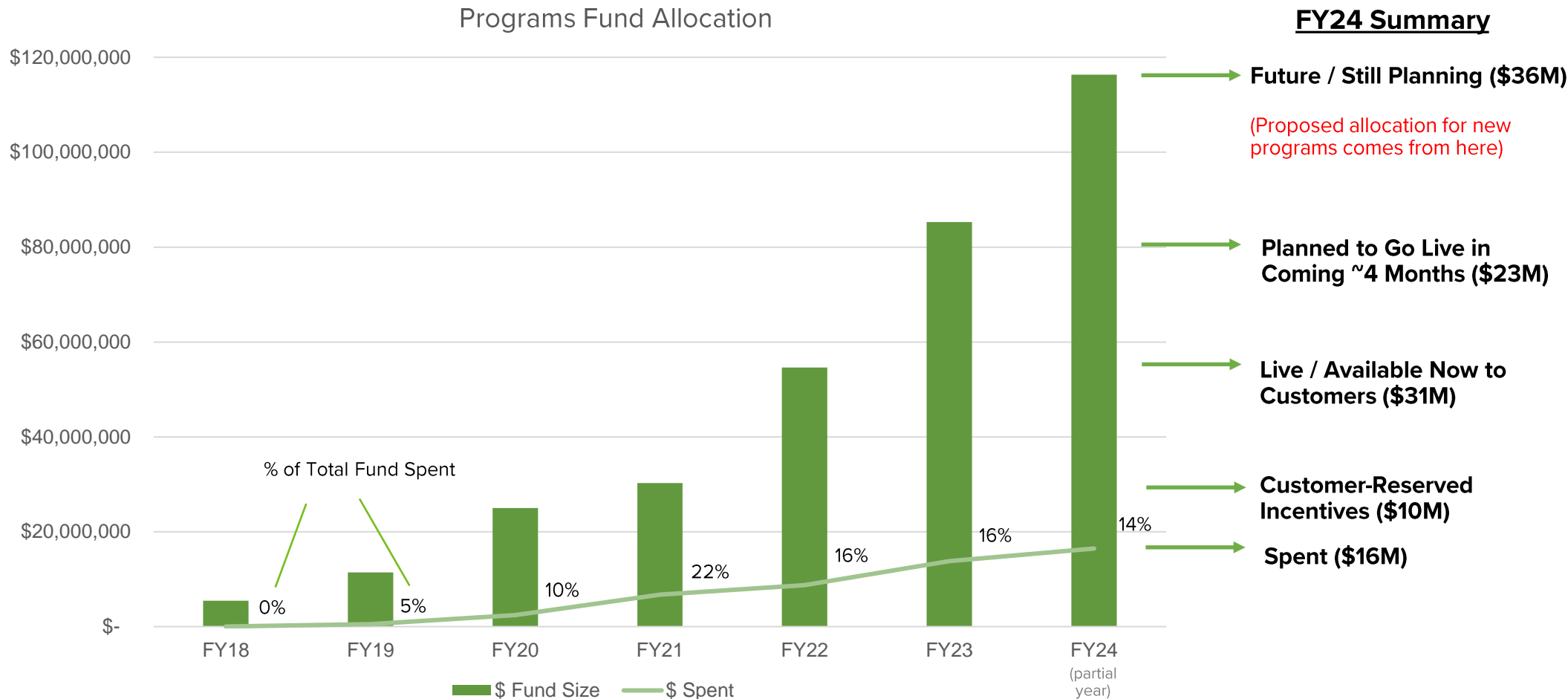


DETAIL: Other (+\$0.75M)

Program Element	Details	Planned Allocation
Virtual Power Plant	Recruit, enroll, and encourage participation from customers in a demand flexibility service by providing bill savings or incentives for customers to earn, and minimal to no disruption in customer convenience and comfort.	+\$0.5M
EM&V	Post-closing or mid-program evaluation and measurement of a program's impact, successes, and challenges. Third-party validation of programs.	+\$0.25M

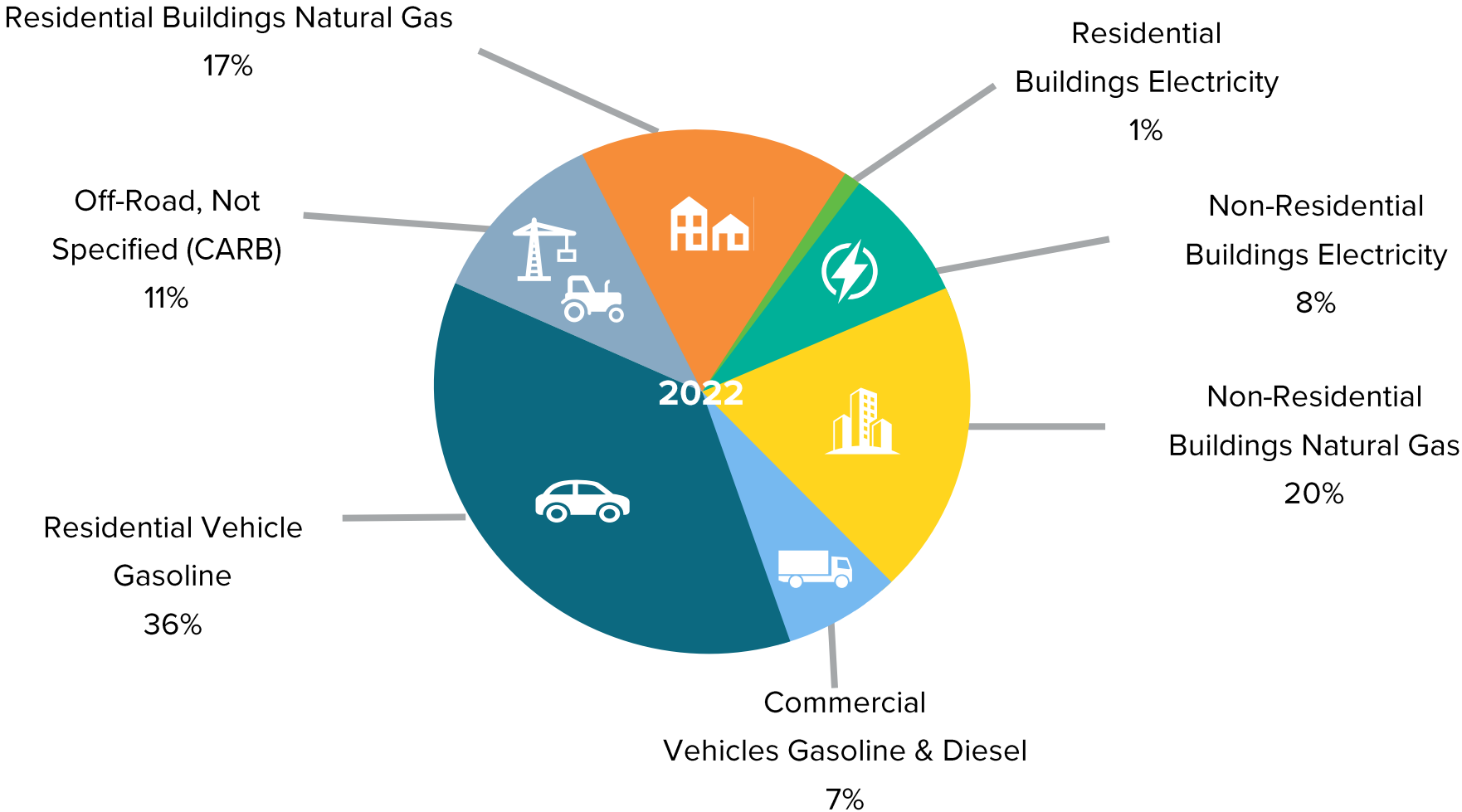


Fund Allocation





Recap: SVCE territory emissions decreased from 4 million MT CO₂e in 2015 to 3.1 million MT CO₂e in 2022



Single-family Home Installation Program

Board of Directors Meeting
March 13th, 2024



Today's action – approve consultant agreement

Approve 3-year contract with Franklin Energy for not-to-exceed amount of \$14M

To deploy the **Single-family Home Installation Program**:

- No-cost installation for low-income customers
- Turnkey installation for market-rate customers
- Emergency water heater loaner and upgrade



Recap: SVCE portfolio of programs

This program is focused on the residential buildings sector



Affordability



Product Availability



Workforce



Awareness



Ease



Existing programs may help early adopters, but deeper assistance is needed to reach more single-family homes

Our programs address different customer needs and barriers



eHub

Active

Online resource center for customers to learn about electrification.



Go Electric Advisor

Active

One-on-one assistance for residential customers via phone or web.



FutureFit Homes

Active

Electrification incentives for single-family and small multifamily properties



Single-family Installation

Coming Q3 2024

Electrification installation services provided by a SVCE contractor.

Inspire



Educate



Act



Single-family Home Installation Program

Target Market

Existing single-family properties (≤ 4 units)

3-year Budget

\$14M

Goals

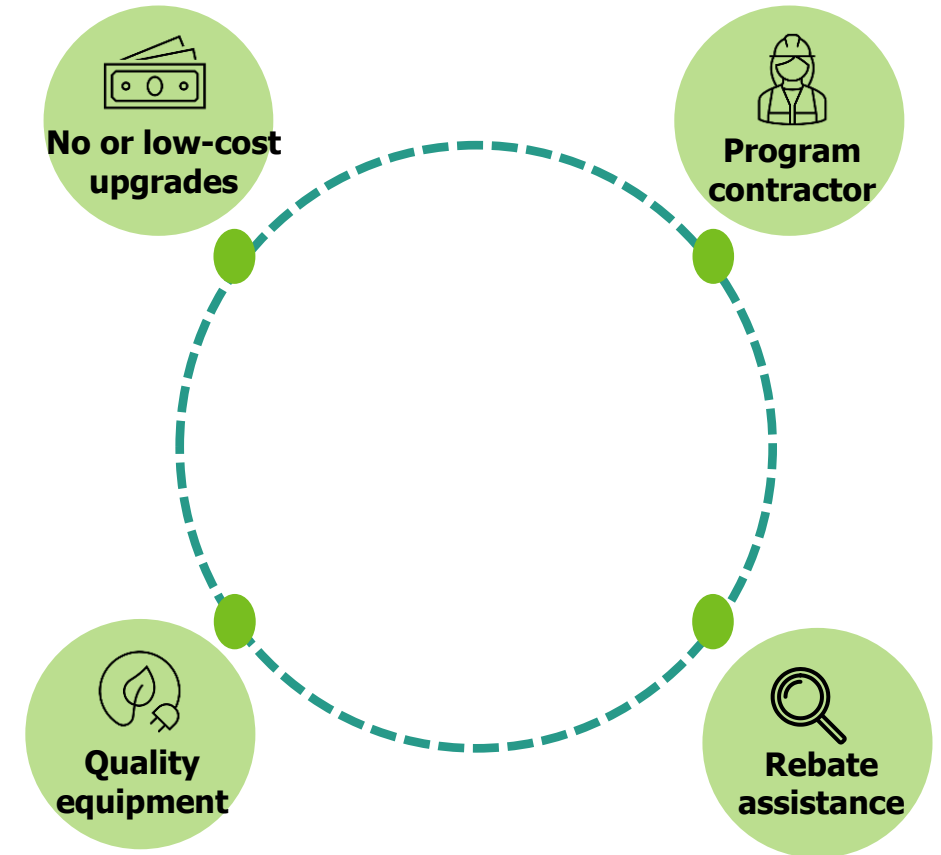
- Fully electrify 600 households, including 250 low-income households
- Provide emergency replacements for 650 old water heater failures

Program Elements

- No-cost installation for low-income customers
- Turnkey installation with cost-share contribution for market-rate customers
- Emergency water heater loaner and upgrade

Collaboration

Alignment with similar Peninsula Clean Energy will provide regional consistency and administrative cost-savings





A well-rounded team to deliver comprehensive services to customers

Includes local, experienced contractors who are paid prevailing wage



Project management and incentive support

Subconsultants



*Energy and bill
impact modeling*



Local contractor



Local contractor



Local contractor



An opportunity to support customers, workforce, and future program possibilities

Excerpted program details

Eligible equipment/technology types*

Electrification	Load management	Health & safety
<ul style="list-style-type: none">• Heat pump water heater• Heat pump HVAC• Induction• Electric washer & dryer	<ul style="list-style-type: none">• 120V technologies• Smart panels• Circuit sharing and throttling devices	<ul style="list-style-type: none">• Pest, asbestos, and mold remediation• Remove knob & tube wiring• Air quality

Things we will learn

- Does a dedicated contractor improve customer satisfaction with the process?
- What efficiencies can we gain by providing standardized services?
- How does an emergency service increase conversions from gas to heat pump water heaters?

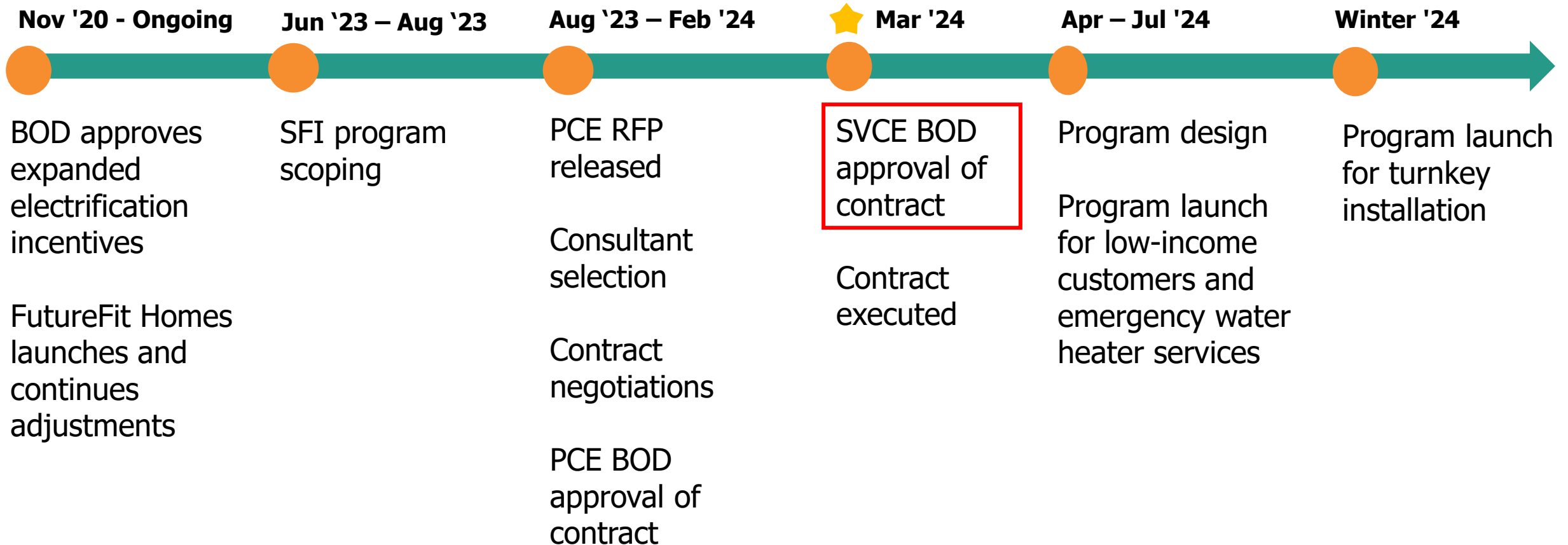
Other Possibilities

- Enroll more customers in E-ELEC
- Install "smart" devices for future use cases (demand response, real-time pricing, virtual power plant)

*This eligible equipment list is not exhaustive and only highlights some technologies.



Timeline and next steps





Today's action – approve consultant agreement

Authorize the Chief Executive Officer (CEO) to execute agreement with Franklin Energy Services, LLC with non-substantive changes approved by the CEO and subject to final review and approval by General Counsel. The agreement is for program design and implementation support services of a single-family residential installation program for a period of three years and a not-to-exceed amount of \$14 million.

Appendix



Project Payment Approach

Fixed measure costs include prevailing wage labor, materials, and 1-year warranty on parts & labor

